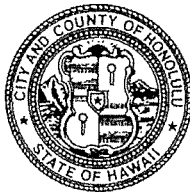


DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

PETER B. CARLISLE
MAYOR



April 3, 2012

2012 APR - 3 11 5:12
C & C
CITY OF HONOLULU
MICHAEL R. HANSEN
DIRECTOR
NELSON H. KOYANAGI, JR.
DEPUTY DIRECTOR

The Honorable Ann Kobayashi, Chair
and Members of the Budget Committee
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

RECEIVED
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CITY COUNCIL
HONOLULU, HAWAII

Dear Chair Kobayashi and Councilmembers:

While we support the intent of Bill 12 (2012), which would amend portions of ROH Section 8-7.3 Dedication of lands for agricultural use, we have concerns regarding the revised definitions of "agricultural use" and "horse boarding and stabling."

The proposed definition of "agricultural use" now includes horse boarding and stabling. We propose to clarify and modify the definition of "horse boarding and stabling." Instead of horse boarding and stabling identified as an "income-producing" business, we recommend the term "revenue-generating" business, as that term is already defined in ROH Section 8-7.3. Also, in keeping with acceptable industry guidelines for horse farming of "a minimum of one horse per acre," we also propose to amend the concept of "All portions of land on which horses are boarded," to "Acreage, not to exceed one acre of land per permanent horse." Included also is a definition of "permanent horse."

The foregoing changes to Bill 12 (2012) will simplify and standardize the agricultural dedication program. Consequently, we are proposing a CD1 to Bill 12 (2012) for the committee's consideration and approval.

The Honorable Ann Kobayashi, Chair
and Members of the Budget Committee
Page 2

Please call me at 768-3901 if you have any questions.

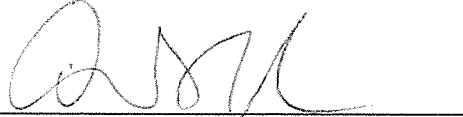
Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Hansen".

Michael R. Hansen, Director
Budget and Fiscal Services

MRH:dw

APPROVED:

A handwritten signature in black ink, appearing to read "Douglas S. Chin".

Douglas S. Chin
Managing Director

cc: Councilmember Tulsi Gabbard
Councilmember Ikaika Anderson
Councilmember Romy Cachola
Councilmember Stanley Chang
Real Property Assessment Division



A BILL FOR AN ORDINANCE

RELATING TO THE TAXATION OF REAL PROPERTY.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. The purpose of this ordinance is to amend the provisions of ROH Chapter 8 with respect to horse boarding and stabling.

SECTION 2. Section 8-7.3, Revised Ordinances of Honolulu 1990, as amended ("Dedication of lands for agricultural use"), is amended by amending subsection (a) to read as follows:

"(a) As used in this section:

"Agricultural use" means the active, commercial, and primary use of land for aquaculture, crop production, livestock production [and], grazing of animals used in livestock production[.], and horse boarding and stabling.

"Agricultural products" include such products as livestock byproducts and plants for food, fiber, or energy; flowers and foliage; tree farms; aquatic animals and plants; bees and related natural byproducts; biomass; nuts; and seeds.

"Horse-boarding and stabling" means the sheltering, care, feeding, and riding of horses as a revenue-generating business. Acreage, not to exceed one acre of land per permanent horse, on which horses are boarded, cared for, fed and ridden for intended revenue shall be deemed utilized for horse boarding and stabling and eligible for dedication under this section. A permanent horse is a horse that is kept and maintained on the land used for horse-boarding and stabling for more than 270 calendar days of a calendar year. The director may demand documentation of the keeping and maintenance of the permanent horse or other indicia from a property owner applying for the dedication or from a property owner as evidence of continued qualification for a dedication.

"Land use change" means for land dedicated for a specific agricultural use either (i) a change in the state land use classification from agricultural to urban or rural district, (ii) a change in the county zoning from agricultural, preservation or country district, or (iii) a subdivision of the land dedicated for a specific agricultural use into parcels of five acres or less, which change or subdivision is initiated or authorized by the owner.

"Land use change cancellation" means a written notice of cancellation, filed by the owner with the director, due to a land use change whereby the land dedicated for a



A BILL FOR AN ORDINANCE

specific agricultural use or a portion thereof is no longer being maintained as agricultural land. The notice shall specify the nature of the land use change, the acreage and location of the land removed from the dedication, and the acreage and location of the dedicated land remaining, if any. Upon receipt of the notice, the dedication shall be cancelled or amended, as the case may be, and the land affected by the land use change shall be subject to rollback tax and penalty as calculated in subsection m(1) or (2) herein. Such cancellation shall be effective on the next July 1st which is at least nine months after the filing.

"Livestock production" means raising of cattle, sheep, swine, goats and poultry for food or in the production of food.

"Maintain as agricultural land" means that the land dedicated for a specific agricultural use shall remain in substantial and continuous agricultural use throughout the dedication period, unless the owner files with the director a land use change cancellation.

"Owner" or "property owner" means the fee simple owner of the real property provided that for government-owned real property, "owner" or "property owner" means a lessee of the land where the lease allows the specific agricultural use.

"Residential homesite area" means that portion of the parcel, which is zoned agricultural and used for residential purposes, including land upon which the house is located and the land designated to be the yard space. A residential homesite area cannot be dedicated for agricultural use.

"Revenue-generating" means producing income from the agricultural uses of the property.

"Substantial and continuous agricultural use" means no less than 75 percent of the area of the subject land, but excluding the area of unusable land, is in active, continuous and revenue-generating agricultural use throughout the subject time period. For lands dedicated for a period of five years or 10 years, substantial and continuous agricultural use shall include necessary and customary fallowing periods.

"Tree farm property" and "tree farm" mean land classified as tree farm property under HRS Chapter 186.

"Unusable land" means that portion of the lands dedicated for a specific agricultural use that the director determines to be unsuitable for the dedicated agricultural use."



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL **CD1 12 (2012)**
(Proposed)

A BILL FOR AN ORDINANCE

SECTION 3. Ordinance material to be repealed is bracketed. New ordinance material is underscored. When revising, compiling or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the revisor of ordinances need not include the brackets, the bracketed material or the underscoring.

SECTION 4. This ordinance shall take effect upon its approval and shall apply to the tax years beginning July 1, 2013 and thereafter.

INTRODUCED BY:

DATE OF INTRODUCTION:

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20____.

PETER B. CARLISLE, Mayor
City and County of Honolulu